

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 MC-02 EB-07 IGA-02 ACDA-07 OMB-01

AID-05 COME-00 TRSE-00 /075 R

DRAFTED BY ARA/ECA:AEBRAZEAL:LK:MMS

APPROVED BY ARA:HWSHLAUDEMAN

ARA/ECA - RZIMMERMANN

H - EBLACK (DRAFT)

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O 251738Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO IMMEDIATE

C O N F I D E N T I A L STATE 239375

E.O. 11652: GDS

TAGS: MASS, PFOR, UY, US

SUBJECT: FY 76 FMS LOAN FOR URUGUAY

REFERENCE: MVD 3486

1. DEPARTMENT IS PROCEEDING WITH FY 76/TQ FMS FINANCING FOR URUGUAY.

2. IN THIS REGARD, AS EMBASSY IS AWARE, THE GOU REQUESTED AN ADDITIONAL MILLION ABOVE THE PROGRAMMED \$2.5 MILLION FOR A TOTAL FY 76/TQ FMS FINANCING LEVEL OF \$3.5 MILLION. THE DEPARTMENT APPROVED THIS REQUEST IN PRINCIPAL, BUT BEFORE THE FORMAL APPROVAL PROCESS WAS COMPLETED, AND BEFORE CONGRESS COULD BE INFORMED, THE KOCH AMENDMENT WAS INTRODUCED IN THE HOUSE- THE DEPARTMENT CONCLUDED IN THE CIRCUMSTANCES THAT THE INCLUSION OF URUGUAY AMONG THOSE
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COUNTRIES FOR WHICH ADDITIONAL FMS FINANCING WAS BEING

REQUESTED WOULD WEAKEN OUR EFFORTS TO DEFEAT THE KOCH AMENDMENT AND RISK EVEN MORE PUNITIVE ACTION. (THE CHILEAN CASE MAKES THE POINT.) CONSEQUENTLY, ONLY \$2.5 MILLION FY 76/TQ FMS FINANCING IS AVAILABLE FOR URUGUAY.

3. THE EMBASSY IS INSTRUCTED TO INFORM THE APPROPRIATE GOU OFFICIALS IN FORMINISTRY AND DEFMINISTRY THAT THE USG

IS PREPARED TO SIGN FMS FINANCING AGREEMENT WITH URUGUAY FOR FY 76/TQ CONSISTING OF TOTAL \$2.5 MILLION. EMBASSY SHOULD DRAW UPON BACKGROUND INFORMATION IN PARA 2 TO EXPLAIN REASONS ADDITIONAL MILLION IS NOT AVAILABLE ALONG FOLLOWING LINES: BECAUSE THE DEPARTMENT FELT SUCH A MOVE COULD HAVE EXACERBATED AND COMPLICATED SITUATION REGARDING THE CONGRESSIONAL VIEW OF THE HUMAN RIGHTS SITUATION IN URUGUAY THEREBY RESULTING IN EVEN MORE RESTRICTIVE CONGRESSIONAL LEGISLATION BEING APPLIED, EVEN RETROACTIVELY TO FY-76 FUNDS, THE REQUEST FOR THE ADDITIONAL MILLION WAS NOT SENT TO THE CONGRESS.

4. THE GOU ALSO SHOULD BE INFORMED THE KOCH AMENDMENT IS ALMOST CERTAIN TO BECOME LAW. THE KOCH AMENDMENT DOES NOT INTERFERE WITH FMS CASH SALES TO THE GOU OR WITH THE ISSUANCE OF LICENSES FOR THE EXPORT TO URUGUAY OF FMS OR"OMMERCIALLY PURCHASED DEFENSE ARTICLES. PROHIBITED ARE \$2.5 MILLION OF PROGRAMMED FMS FINANCING, \$.5 MILLION OF GRANT TRAINING AND \$50,000 SUPPLY OPERATIONS COST.

5. THE GOU SHOULD BE ADVISED THAT THE DEPARTMENT HAS CONSISTENTLY OPPOSED THE KOCH AMENDMENT ON THE GROUNDS THAT THE DEPARTMENT OPPOSES LEGISLATION BY THE CONGRESS WHICH SINGLES OUT ONE COUNTRY FOR U.S. SANCTIONS, WITHOUT EXECUTIVE BRANCH PARTICIPATION. HOWEVER, DEPARTMENT IS IN AGREEMENT WITH U.S. CONGRESS AND PUBLIC THAT QUESTION OF HUMAN RIGHTS IN URUGUAY AND IN OTHER COUNTRIES IS AN IMPORTANT ISSUE. KISSINGER

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Margaret P. Grafeld
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